



OFFICE OF THE ATTORNEY GENERAL OF TEXAS

AUSTIN

GERARD C. MANN
ATTORNEY GENERAL

Honorable Wm. J. Lawson
Secretary of State
Austin, Texas

Dear Sir:

Opinion No. 0-4551

Re: Whether the proposed operation
of the Neches Butane Products
Company would violate the Texas
anti-trust laws.

Your letter of April 22nd submitting the above ques-
tion to us for opinion reads as follows:

"I beg to present herewith application of Neches Butane Products Company, a Delaware corporation, for a permit to do business in the State of Texas, and attached to said application you will find the Articles of Incorporation of said company, and in order that you might better understand the nature and background for the requested opinion of your Department, I also hand you herewith copy of the present By-Laws of said Company, as well as statement as to my understanding of the formation and proposed operation of the corporation in the State of Texas, which is as follows:

"It is my understanding that this corporation was formed by Gulf Oil Corporation, Atlantic Refining Company, The Pure Oil Company, Socony-Vacuum Oil Company, Inc., and The Texas Company, subscribers to the capital stock, at the instance and request of the Federal Government for the purpose of establishing a plant in the State of Texas for the production of butadiene, to be used in the manufacture of synthetic rubber; that the funds for the purchase of the site upon which the plant is to be constructed, as well as the plant itself, will be furnished and owned by the Defense Plant Corporation, a governmental agency, and rented to the Butane Products Company at \$1.00 per year, and that the principal part of the products from the plant will be manufactured for and delivered to another governmental agency known as the Rubber Reserve Company, a subsidiary of the Reconstruction Finance Corporation, at cost.

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"After a consideration of the application, the articles of incorporation and the nature of the construction and operation of the plant, will you please inform me whether, in your opinion, the operation of such concern in the State of Texas would be in violation of the terms of the statute of the State of Texas regulating and controlling trusts and monopolies."

As indicated in your letter, and from the information given us by the attorneys for the company, it appears that the Neches Butane Products Company has been organized at the instance of the Federal Government, as a non-profit corporation which is to supervise and manage the manufacture of synthetic rubber essential for the nation's war effort.

At the request of the Federal Government the stock-ownership of the Neches Butane Products Company has been apportioned among the five oil companies enumerated in your letter for two reasons: (1) because it is anticipated that the raw materials going into the manufacture of the synthetic rubber is to be supplied from the oil refineries of these companies and (2) because these same companies are to furnish from among their employees the personnel with the necessary chemical, engineering and other technical skill and training for directing the proposed undertaking. The entire project is originated by and shall be operated under the direct supervision and control of federal agencies in furtherance of essential war work. Under such circumstances, we are of the opinion that the anti-trust laws of Texas have no application to the proposed operations of the Neches Butane Products Company, as outlined.

Our conclusions in this matter are based upon the same reasons as those set out in the letter of U. S. Attorney General Robert H. Jackson, dated April 29, 1941, and the letter of U. S. Assistant Attorney General Thurman Arnold, dated Jan. 23, 1942, copies of which letters are attached hereto.

We are returning to you herewith the application of the Neches Butane Products Company for a permit to do business in Texas and other documents attached to your letter.

Yours very truly

ATTORNEY GENERAL OF TEXAS

APPROVED APR 23, 1942
FIRST ASSISTANT
ATTORNEY GENERAL

By Walter R. Koch
Walter R. Koch
Assistant

RECEIVED

ENCLOSURES

APPROVED
OPINION
COMMITTEE
BY [Signature]
CHANCELLER